

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 132

MINUTES OF REGULAR MEETING

February 16, 2015

STATE OF TEXAS §
COUNTY OF HARRIS §

The Board of Directors (the "Board") of Harris County Water Control and Improvement District No. 132 (the "District") met in regular session at the designated meeting place of the Board, the Harris County W.C.I.D. No. 132 Water Plant, 4107 Evening Trail, Spring, Texas 77388, on the 16th day of February 2015, at 5:30 p.m. The roll was called of the duly constituted officers and members of the Board, to-wit:

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|-----------------|---------------------|
| William R. Papp | President |
| Jim Dow | Vice President |
| Cindy Lane | Secretary |
| T. Gary Toll | Assistant Secretary |
| Mary Bonetati | Assistant Secretary |

All members of the Board were present, thus constituting a quorum.

Also present were Rene Anadel of Wheeler & Associates, Inc., the District's Tax Assessor/Collector ("Tax Assessor/Collector"); Maria Salinas Parker of Sanford Kuhl Hagan Kugle Parker Kahn, LLP, the District's Attorneys ("Attorney"); Tony Sarmin of AEI Engineering, LLC, the District's Engineer ("Engineer"); Andy Phelps and Johnson Ashcraft of Environmental Development Partners ("EDP"), the District's Operator ("Operator"); Cindy Schmidt, the District's Bookkeeper ("Bookkeeper"); S. R. Pinnapureddy, a developer; and Sherry Allard, the District's Recording Secretary ("Recording Secretary").

The meeting of the Board of Directors was called to order at 5:30 p.m. by President Papp.

REVIEW AND APPROVE TAX ASSESSOR/COLLECTOR'S REPORT, INCLUDING:

Approval of Report and Payment of Bills from Tax Account

Ms. Anadel reviewed with the Board the Tax Assessor/Collector's report, attached as a part hereof. She noted that the District experienced a 10.8% increase in assessed valuation this year.

Report on Status of Tax Collections, Authorize Termination of Water Service to Delinquent Tax Accounts

Upon motion made, seconded, and unanimously carried, the Board approved the Tax Assessor/Collector's report as presented. Ms. Anadel was asked to monitor the 4111 Laverock account and confer with Perdue, Brandon, Fielder, Collins & Mott, L.L.P. ("Perdue") to determine whether a homestead exemption is being granted on an uninhabited residence. After review and upon motion duly made and seconded, the Board voted to accept the Tax Assessor/Collector's report and the delinquent tax report.

Upon motion made, seconded, and unanimously carried, the Board changed the agenda order to recognize the Attorney.

ATTORNEY'S REPORT

Approve Resolution Regarding Tax Exemptions

The Attorney discussed tax exemptions with the Board. After discussion, upon motion made, seconded, and unanimously carried, the Board adopted a Resolution to grant the maximum homestead exemption allowable by law [20%] and grant a \$20,000 disabled or over-65 exemption for those qualifying residents.

Engage Attorney to Collect Delinquent Taxes

Pursuant to discussion with the Attorney, the Board voted unanimously to affirm Perdue as the District's Delinquent Tax Attorney.

Authorize 20% Penalty on Taxes Delinquent on July 1, 2015

Having engaged Perdue, the Board, upon motion made and seconded, voted unanimously to adopt the Resolution to authorize the assessment of an additional 20% penalty on those tax accounts that remain delinquent as of July 1, 2015.

VISITOR(S) PRESENT WHO WISH TO ADDRESS THE BOARD

The President recognized Mr. Pinnapureddy, who informed the Board he wished to develop a 21.81 acre tract inside the boundaries of the District. There is a restriction on the tract that stipulates a height limitation of two (2) stories on any structure built. Mr. Pinnapureddy asked the Board to consider waiving said restriction. The Board declined to take action on Mr. Pinnapureddy's request. Mr. Pinnapureddy then requested information relating to availability of utilities. Mr. Pinnapureddy was advised that in order for the District to address his request he must complete an Application for Service which can be obtained from the District's Engineer.

Upon motion made, seconded, and unanimously carried, the Board returned to the order of the day.

APPROVE BOOKKEEPER'S REPORT, INCLUDING:

Authorizing payment of District bills

The Bookkeeper, whose report is attached hereto as a part hereof, stated that she has moved the District's account to Central Bank to reduce monthly banking fees. The bills were presented for consideration of payment.

Approval of Investment Report

After discussion, upon motion duly made and seconded, the Board voted to approve the payment of bills, the Bookkeeping Report, and Investment Report.

APPROVE MINUTES OF JANUARY 19, 2015 AND FEBRUARY 4, 2015

After consideration, upon motion duly made and seconded, the Board voted to approve the January 19, 2015 minutes as amended. The Board then motioned, seconded, and approved the minutes of the February 4, 2015 Garden meeting.

CONSIDER AND ACT UPON OPERATOR'S REPORT

Mr. Phelps reviewed with the Board the Operator's report, a copy of which is attached hereto as a part hereof for all purposes. The Operator stated that an error in billing the Cypresswood Apartments occurred during change of ownership. The Apartments were overbilled \$22,711. Mr. Phelps will contact the apartments to ask whether they prefer a refund or a credit on their account. The North Harris County Regional Water Authority ("the Authority") concurs with its meter overcharges, which will be credited on the District's monthly charges to the Authority over time.

Authorization for Operator to Terminate Water and Sewer Service to Certain Delinquent Accounts for Non-Payment of Water and Sewer Bills

After discussion, motion was made, seconded, and unanimously carried to approve terminating service to eighty-nine (89) delinquent service accounts.

Authorize Repairs to the Water Supply System and Wastewater Collection System

The Operator stated that the 800 amp generator automatic transfer switch ("ATS") arrived with minor damage but will be installed due to the long lead time in reordering.

After review, upon motion duly made and seconded, the Board approved renting the larger, 300 kilowatt portable generator until the permanent generator and ATS are on line.

After consideration, upon motion made and seconded, the Board voted to approve the Operator's report as presented.

CONSIDER AND ACT ON ENGINEER'S REPORT

Discuss and Take Action on bond analysis

Mr. Sarmin distributed to and reviewed with the Board the engineering report, a copy of which is attached to these minutes as a part hereof. He joined the Attorney in discussing the future projects and the funding mechanism therefor.

Approve Repair and Maintenance Projects within the District

The Area E sanitary sewer rehabilitation is complete, and the one year warranty period ends July 1, 2015. The Engineer recommended the District proceed with Area D rehabilitation.

The Engineer issued his Certificate of Acceptance for the ground storage tank ("GST") rework.

After review, upon motion duly made and seconded, the Board approved the Engineer's report as presented.

ATTORNEY'S REPORT

Discuss and Take Action on bond analysis

The Attorney, along with the Engineer, discussed with the Board the "Preliminary Capital Projects List" for the District and the issuance bonds to fund the same. Upon motion made, seconded, and unanimously carried, the Board authorized the Engineer to proceed with cost summary to issue bonds in an amount of \$3.5 million to fund the capital projects. The District's Financial Advisor will be asked to attend the meeting on March 4, 2015 to discuss the proposed bond issue.

Appoint Director as Assistant Secretary to the Board

After review and upon motion and second being made, the Board appointed Mary Bonetati to the position of Assistant Secretary. She will be the liaison with Ms. Fraser, the Garden, and Ponderosa Joint Powers Authority ("PJPA"), the President stated.

After consideration, upon motion made and seconded, the Board voted to approve the Attorney's report.

CONSIDER AND ACT ON REPORT RELATING TO GARDEN

The President mentioned several items, including upcoming seminars that relate to the Garden or water conservation, and progress on the sidewalk. He also reported that all contracts relating to the website are complete.

He informed the Board he had viewed a fine video of the Garden, made by Ms. Pomfret, which includes a tribute to Dir. Mancini. The Board agreed to make a presentation with the video in memory of Dir. Mancini during the Earth Day Celebration.

AFTER DISCUSSION, UPON MOTION DULY MADE AND SECONDED, THE question being put to the Board, the Board voted in accord to adjourn the meeting at 7:52 p.m.

PASSED AND APPROVED

4/20/15
Date

Cindy Lane
Cindy Lane
Secretary of the Board of Directors